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July 11, 2008

BY HAND DELIVERY

The Honorable Sue L. Robinson
J. Caleb Boggs Federal Building
844 N. King Street
Room 6124
Lockbox 31
Wilmington, DE 19801

Re: **BEPCO, L.P. v. 15375 Memorial Corp., et al., C.A. No. 08-313 (SLR)**

Dear Judge Robinson:

The undersigned is counsel for BEPCO, L.P., f/k/a Bass Enterprises Production Company ("BEPCO"), appellant and cross-appellee in the above-referenced procedurally consolidated appeals (the "Appeals"). The purpose of this letter is to apprise the Court of further developments in the underlying bankruptcy cases of debtors 15375 Memorial Corp. ("Memorial") and Santa Fe Minerals Inc. ("Santa Fe," and together with Memorial, the "Debtors"), jointly administered under Case No. 06-10859 (KG) (the "Bankruptcy Cases"), pending before Judge Gross in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), that may be germane to this Court's consideration of the *Motion Of Appellant BEPCO, L.P., f/k/a Bass Enterprises Production Company, To Bypass Appellate Mediation* (D.I. 14) (the "Mediation Motion"), filed with this Court on June 18, 2008.

Following the filing of the Mediation Motion, the parties conferred by teleconference with Kevin F. Brady, the assigned mediator, and tentatively scheduled a mediation date of August 18, 2008, with the understanding that scheduling was subject to this Court's resolution of the issues raised by the Mediation Motion, including (i) whether another round of mediation was necessary or appropriate under the circumstances when settlement discussions and a mediation ordered by the Bankruptcy Court had been unsuccessful and (ii) whether the Appeals should be stayed pending such mediation, if required. The parties' confidential position papers are due to the mediator by August 14, 2008.

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On July 3, 2008, this Court issued a Memorandum Order (D.I. 22) denying *BEPCO, L.P., f/k/a Bass Enterprises Production Company's Emergency Request For Certification For Direct Appeal To The United States Court Of Appeals For The Third Circuit Pursuant To 28 U.S.C. § 158(d)(2)* (D.I. 6) (the "Certification Request"). The Mediation Motion, however, remains pending, has been fully briefed and is ripe for a decision by this Court.

Following the filing of the Mediation Motion a number of events have transpired in the Bankruptcy Cases, which may be relevant to this Court's resolution of Mediation Motion, including the following:

- On June 26, 2008, BEPCO filed the *Emergency Motion Of BEPCO, L.P., f/k/a Bass Enterprises Production Company For Stay Of Proceedings Pending Further Developments On Appeal And In The Louisiana Action* (Bankr. D.I. 370) (the "Stay Motion").
- On July 3, 2008, BEPCO filed the *Renewed Motion Of BEPCO, L.P., f/k/a Bass Enterprises Production Company, For Order (I) Dismissing Debtors' Chapter 11 Cases For Cause Under 11 U.S.C § 1112(b); (II) Converting Debtors' Chapter 11 Cases To Cases Under Chapter 7 Of The Bankruptcy Code Pursuant To 11 U.S.C. § 1112(b); Or (III) Appointing A Trustee Pursuant To 11 U.S.C. § 1104(a)* (Bankr. D.I. 375) (the "Renewed Dismissal Motion").
- On July 3, 2008, BEPCO filed the *Motion Of BEPCO, L.P., f/k/a Bass Enterprises Production Company For Order Compelling Debtors To Abandon Claims And Causes Of Action Against The GSF Entities Pursuant To 11 U.S.C. § 554(b)* (Bankr. D.I. 376) (the "Abandonment Motion").
- On July 7, 2008, Judge Gross contacted the parties and informed them that he intended to deny the Stay Motion, but would adjourn proceedings on

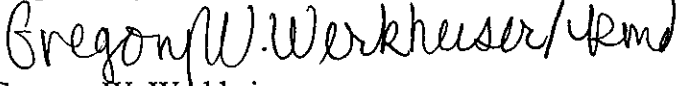
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the Debtors' various pending requests for relief¹ and on the Renewed Dismissal Motion and the Abandonment Motion pending a scheduling conference to be held on July 23, 2008 and in anticipation of a full day evidentiary hearing to be held in late September, 2008.

The Appeals principally concern the threshold issues of whether the Bankruptcy Court erred in failing to dismiss the Bankruptcy Cases for (i) lack of good faith, (ii) for cause under 11 U.S.C. § 1112(b) and (iii) in the case of Santa Fe, its ineligibility to be a debtor under chapter 11 of the Bankruptcy Code. A resolution of the Appeals favorable to BEPCO before these matters come up for hearing in the Bankruptcy Court in late September 2008 has the prospect of avoiding a substantial consumption of judicial resources and will eliminate or limit the risk of inconsistent rulings by the Bankruptcy Court on issues overlapping with the subject matter of the Appeals in this Court. Accordingly, even though this Court has denied BEPCO's Certification Request, BEPCO respectfully submits that it remains appropriate for the Court to grant the Mediation Motion and allow these Appeals to proceed without further delay.

BEPCO remains available to present oral argument if argument would be helpful to the Court's prompt resolution of the Mediation Motion.

Respectfully,


Gregory W. Werkheiser

GWWS/sl

¹ The Debtors' pending requests for relief include: (a) the Debtors' First Amended Joint Plan of Liquidation (Bankr. D.I. 351); (b) the Disclosure Statement For Debtors' First Amended Joint Plan Of Liquidation (Bankr. D.I. 352); (c) the Debtors' Motion For An Order (I) Approving Disclosure Statement, (II) Establishing Confirmation Related Notice Procedures, (III) Approving Solicitations Packages, And (IV) Approving Forms Of Ballots And Procedures For Voting On Debtors' First Amended Joint Plan Of Liquidation (Bankr. D.I. 356); (d) the Second Interim Application Of Stevens & Lee, P.C. For Allowance And Payment Of Compensation And Reimbursement Of Expenses As Counsel To The Debtors For The Period November 1, 2006 Through January 31, 2007 (Bankr. D.I. 358); (e) the Third Interim Application Of Stevens & Lee, P.C. For Allowance And Payment Of Compensation And Reimbursement Of Expenses As Counsel To The Debtors For The Period February 1, 2007 Through April 30, 2007 (Bankr. D.I. 359); and (f) the Debtors' Motion Under And Pursuant To Federal Rule Of Bankruptcy Procedure 9019 For Approval Of Settlement (Bankr. D.I. 360).

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